

57-0058

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4 JAN 1957

Executive Registry

8-9507 25X1

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Special GEHA Insurance Program

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1. This memorandum contains a recommendation in paragraph 4.

2. Certain situations have arisen, in connection with Agency operations, which are not adequately provided for by existing insurance programs. In general, these situations combine a high degree of hazard with extreme sensitivity and in some cases unusual administrative circumstances. Payment of direct benefits equivalent to insurance by the Agency might endanger the individuals' rights under the U. S. Government Employees Compensation Act as that Act requires an election of benefits provided by the Government. However, we have been informed by the Bureau of Employees Compensation that payment of insurance premiums by the Government would not impair the individuals' rights under the Act.

3. Consequently, we propose that the Government Employees Health Association (GEHA), a corporation established to service this Agency's insurance needs, set up a special program to meet these rare and specialized cases. Normally GEHA contracts with major underwriters for such coverage. In this case, due to the unusual risk and high sensitivity, it is proposed that GEHA underwrite the program itself. Since it has not adequate reserves established, the proposal contemplates the Agency advancing \$100,000.00 to GEHA to be retained until reserves are built up out of premiums and then to be returned to the Agency. Initially the premiums would be \$1,000.00 per man covered per year for a straight \$15,000.00 life policy. A contract has been prepared between the Agency and GEHA to establish this program and the Board of Directors of GEHA have approved its terms.

OGC Has Reviewed

premiums to be paid out of project funds.

DOCUMENT NO. 77
 NO CHANGE TO CLASS. ☐
☐ DECLASSIFIED
 CLASS. FOR: ☐
 NEXT REVIEW DATE: ☐
 AUTH: ☐
 DATE: 13 Feb 81 REVIEW

CONFIDENTIAL

EXCLUDED FROM AUTOMATIC DECLASSIFICATION

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Shu. Council

4. Recommend approval of the execution of this contract.

Concur
CPC
DDC R
17 Jan 57

(2)
LAWRENCE R. HOUSTON
General Counsel

The recommendation in
paragraph 4 is approved.

SIGNED

18 JAN 1957

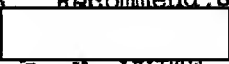
Allen W. Dulles
Director

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- 1 - OGC - 221 East

MEMORANDUM FOR: THE DIRECTOR

Our experience with Project AQUATONE has indicated the desirability of some special insurance arrangement for a selected few employees engaged in extra-hazardous duties. Insuring them under our normal group program might be unfair to the group as a whole by causing premiums to be raised or possibly even jeopardizing our whole contract with Mutual of Omaha. An outright grant by the Agency in case of death might jeopardize other Government benefits of the dependents of the insured.

We have given long and careful study to the problem and believe that the General Counsel's proposal, attached, is a sound and satisfactory solution. Recommend signature.


L. K. WHITE
Deputy Director (Support)

5 Jan 57
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

AGREEMENT
between
The Central Intelligence Agency
and
The Government Employees Health Association, Inc.

This agreement entered into this 1st day of July 1964, by and between the Central Intelligence Agency (hereinafter called the "Agency") represented by the Contracting Officer executing this contract, and the Government Employees Health Association, Inc., a corporation organized and existing under the laws of the District of Columbia (hereinafter called the "Association"), WITNESSETH:

Whereas, in order to comply with the statutory responsibility of the Director of Central Intelligence, the Agency has determined that certain insurance coverage not otherwise available is essential, and

Whereas, the Agency therefore desires the Association to insure the lives of certain specific individuals performing duties of a special nature relating to intelligence and the Association is willing to provide this coverage.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. In order to provide for potential liabilities pending the accumulation of adequate reserves through payments of premiums, the Agency will advance to the Association the sum of One Hundred Thousand Dollars (\$100,000.00). Upon the establishment of reserves through

premium payments provided for in paragraph 2 hereof (hereinafter called "specialty premiums") in an amount deemed adequate by the Agency and the Association, the latter will refund the \$100,000.00 advance to the Agency. If this agreement is terminated prior to the establishment of such adequate reserves, the Association will refund to the Agency so much of the \$100,000.00 as has not been paid out for proper purposes under this agreement. All such payments will be considered a charge against specialty premiums due or accumulated before being charged to the advance.

2. Initially the Agency will pay to the Association a specialty premium of One Thousand Dollars (\$1,000.00) per year, per person covered under this agreement. As reserves accumulate or experience indicates, this rate may be adjusted by mutual agreement. If this agreement is terminated, any amounts derived from specialty premiums left after payment of all liabilities hereunder will be paid by the Association to the Agency.

3. In the event all funds provided under paragraphs one and two are exhausted without satisfying all proper claims under this agreement, the Agency indemnifies and holds harmless the Association.

4. The Association in turn agrees to pay from the funds mentioned in paragraphs marked one and two above to the named beneficiary or the estate of an individual covered under this program, the sum of

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Fifteen Thousand Dollars (\$15,000.00) in the event the covered individual dies in the performance of the duties contemplated by this agreement.

5. The Association further agrees to reinsure with United Benefit Life Insurance Company (UBLIC) these individuals so that in the event a covered individual dies from a cause not connected with his duties contemplated by this agreement his beneficiary or estate will be paid the amount due under the group life insurance contract between UBLIC and the Association. Premiums for the coverage under this paragraph will be in addition to the specialty premiums provided for in paragraph two hereof and will be in amounts provided for in the group life insurance contract between UBLIC and the Association.

6. For an individual to be covered by this agreement, a written request for such coverage shall be directed to the Association by a duly authorized official of the Agency together with an authorization for the payment of the first and subsequent yearly specialty premiums in the amount which at the time of payment is currently in force.

7. This agreement shall be in effect from this date and shall continue thereafter until terminated by the Agency by a ninety day (90)

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written notice presented to a duly authorized officer of the
Association.

The Central Intelligence Agency

By _____

The Government Employees
Health Association, Inc.

By _____
President